

In Introducing American Community Investment Reform Act of 2010,

Gutierrez Joined by Reps. Maxine Waters, Al Green, Eddie Bernice Johnson

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FOR IMMEDIATE RELEASE

(Washington, DC) – Today, Rep. Luis V. Gutierrez (D-IL), Chair of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit, introduced the American Community Investment Reform Act of 2010 (ACIRA), a bill he authored that will modernize and update the Community Reinvestment Act (CRA). He was joined as an original co-sponsor by Rep. Maxine Waters (D-CA), Chair of the Subcommittee on Housing and Community Opportunity, Rep. Eddie Bernice Johnson (D-TX), and Rep. Al Green (D-TX).

"Traditional lending covered under CRA didn't cause the current economic crisis, despite all of the heated Republican rhetoric to the contrary. Instead, it was the failure to include **more** of the financial services industry under the standards of CRA that contributed to this crisis or at least made it much worse," Rep. Gutierrez said. "We've learned that had mortgage brokers, the subsidiaries of bank holding companies, and those that helped to finance so many of these toxic, predatory mortgages been held to the standards of the CRA, we might have avoided this crisis. That's one of the main goals of this bill."

The ACIRA updates the CRA to reflect the changes that have occurred within the financial services marketplace since the CRA became law in 1977. Specifically, ACIRA would:

- Expand the CRA beyond banks to the institutions that provide financial products in the modern financial services marketplace;
- Strengthen the examination process to decrease the current problem of grade inflation and require regulators to give negative CRA credit to institutions that offer products that the Consumer Financial Protection Bureau (CFPB) finds to be unfair or deceptive;
- Encourage safe and responsible lending in our communities through the creation of a "Community Development" test in addition to the current "Lending, Investment and Service" tests.
- Create an "Outstanding" rating to award banks for a genuine and extraordinary commitment to their community along with restructuring the current rating system to reduce grade inflation and add more opportunities to enforce the CRA.
- Make the ratings and review process of financial institutions more open to public review and comment.

"The CRA has done a good job of making capital available to working class, low-income, and middle class neighborhoods and we need more of that, not less," Gutierrez said. "This is an important first step on the road to reforming and modernizing the CRA to better meet the needs of our communities and address the new financial marketplace. We are laying the groundwork for next year, identifying priorities, and evaluating what we have been able to fix and what remains to be fixed in our financial markets. Making the economy healthy, inclusive, and equitable for the long haul is the goal and this bill contributes to achieving it."

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